

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
AVISTA CORPORATION DBA AVISTA) **CASE NO. AVU-E-00-2**
UTILITIES—WASHINGTON WATER POWER)
DIVISION FOR AUTHORITY TO REVISE) **NOTICE OF APPLICATION**
ELECTRIC TARIFF SCHEDULE 66—TEMPO-)
RARY POWER COST ADJUSTMENT—IDAHO) **NOTICE OF MODIFIED**
AND TO IMPLEMENT A RELATED REBATE.) **PROCEDURE**
)
) **NOTICE OF COMMENT/**
) **PROTEST DEADLINE**

YOU ARE HEREBY NOTIFIED that on March 1, 2000, Avista Corporation dba Avista Utilities—Washington Water Power Division (Avista; Company) in Case No. AVU-E-00-2 filed an Application with the Idaho Public Utilities Commission (Commission) proposing a revision to the Company's electric tariff Schedule 66C temporary Power Cost Adjustment Idaho. Avista requests that the Commission approve a \$2,364,000, 1.973% rebate to Avista's Idaho customers. The rebate is being requested as a result of the trigger being reached and exceeded in Avista's Power Cost Adjustment (PCA) balancing account. The Company's PCA mechanism was first established in Case No. WWP-E-88-3, Order No. 22816 issued October 31, 1989, and has been extended, modified and clarified in a number of subsequent cases (WWP-E-93-3, Order No. 24874; WWP-E-94-4, Order No. 25637; WWP-E-97-10, Order No. 27202; and WWP-E-98-4, Order No. 27824). Since its inception to date of filing, there have been nine rebates totaling \$23,184,000 and three surcharges totaling \$6,769,000. The PCA-related rate changes are limited to no more than two consecutive surcharges or rebates during any 12-month period, July 1 to June 30, and the annual rate change during any 12-month period is limited to 5%.

Water Power's PCA is used to track changes in revenues and costs associated with variations in hydroelectric generation, prices in the secondary market, and changes in PURPA power expenses. The PCA rate adjustment mechanism is designed to recover/rebate variances in power supply expenses incurred by the Company. The PCA mechanism tracks changes in the Company's power supply costs associated with abnormal weather and stream flows. The weather-related portion of the PCA tracks 100% of the variation in hydro generation from the hydro

generation authorized, variation in secondary prices from those authorized, and the related variation in thermal generation. The PCA is also designed to recover contract costs incurred pursuant to the Public Utilities Regulatory Policies Act of 1978 (PURPA) and the related implementing rules and regulations of the Federal Energy Regulatory Commission (FERC) beyond the level included in the Company's general revenue requirement. PURPA contract costs are the result of the Company's federally mandated obligation to purchase the output of qualifying small power and cogeneration facilities and, therefore, are largely outside the control of Avista. The PCA tracks 100% of the changes in costs associated with PURPA contracts. The Company is allowed to record the difference between actual power supply costs and the level of those costs authorized by the Commission. When the total difference in costs exceed \$2.2 million, the Company may request authority to implement a surcharge or rebate. As reflected in the Company's Application, the \$2.2 million trigger was reached and exceeded in December 1999, based on actual data from the preceding month, November.

Under the Company's proposal in this case, the monthly energy charges of the individual electric rate schedules are to be decreased by the following amounts:

| Type of Service | Present Sch 66 Rebate Effective 8/1/99; Expires 7/31/00 (2.503%) | Proposed Sch 66 Rebate (1.973%) |
|--------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------|
| Schedules 1, 3A-D, & 15 (Residential) | 0.115¢/kWh | 0.101¢/kWh |
| Schedules 11, 12, 13A-D, & 16 (General) | 0.153¢/kWh | 0.137¢/kWh |
| Schedules 17, 21, 22, & 23A-D (Large General) | 0.114¢/kWh | 0.095¢/kWh |
| Schedule 25 (Extra Large General) | 0.077¢/kWh | 0.065¢/kWh |
| Schedules 18, 31, 32, & 33A-D (Pumping) | 0.107¢/kWh | 0.081¢/kWh |

Flat rate charges for Company-owned or customer-owned street lighting and area lighting service (Schedules 41-49) under the present rebate are reduced by 2.503% and under the proposed rebate will be reduced by a further 1.973%. Implementation of the proposed rebate will result in an overall

decrease of 1.973% in the Company's Idaho electric rates or \$1.01 in the monthly bill of an average residential customer using 1,000 kWh. The combined effect of both the existing and proposed rebates is an overall decrease of 4.476%, or \$2.16 in the monthly bill of an average residential customer using 1,000 kWh. The existing rebate, however, will expire on July 31, 2000.

Avista has requested that its Application be processed under Modified Procedure, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204. The Company, as part of its Application, has filed supporting testimony and exhibits.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. AVU-E-00-2 including the Company's testimony, exhibits and underlying workpapers. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented and that the issues raised by the Application may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to the Application and the Commission's use of Modified Procedure in Case No. AVU-E-00-2 is **Wednesday, April 5, 2000**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission will consider the matter on its merits and enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning AVU-E-00-2 should be mailed to the Commission and the Company at the addresses reflected below.

COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074

Street Address for Express Mail:

472 W WASHINGTON ST
BOISE, ID 83702-5983

THOMAS D DUKICH, DIRECTOR
RATES & TARIFF ADMINISTRATION
AVISTA CORPORATION
PO BOX 3727
SPOKANE, WA 99220

DAVID J. MEYER
SR VICE PRESIDENT & GENERAL COUNSEL
AVISTA CORPORATION
PO BOX 3727
SPOKANE, WA 99220

All comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that the Application in Case No. AVU-E-00-2 can be reviewed at the Commission's office and at the Idaho offices of Avista Corporation dba Avista Utilities—Washington Water Power Division during regular business hours.

DATED at Boise, Idaho this day of December 2002.

DENNIS HANSEN, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

PAUL KJELLANDER, COMMISSIONER

ATTEST:

Myrna J. Walters
Commission Secretary

Vld/N:AVU-E-00-2_sw

NOTICE OF APPLICATION
NOTICE OF MODIFIED PROCEDURE
NOTICE OF COMMENT/ PROTEST DEADLINE 4